

<b>DECISION-MAKER:</b>	CABINET		
<b>SUBJECT:</b>	CORPORATE REVENUE FINANCIAL MONITORING FOR THE PERIOD TO THE END OF SEPTEMBER 2017		
<b>DATE OF DECISION:</b>	14 NOVEMBER 2017		
<b>REPORT OF:</b>	CABINET MEMBER FOR FINANCE		
<b><u>CONTACT DETAILS</u></b>			
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<b>STATEMENT OF CONFIDENTIALITY</b>
N/A

## **BRIEF SUMMARY**

This report summarises the General Fund and Housing Revenue Account (HRA) revenue financial position for the Authority for the six months to the end of September 2017, and highlights any key issues by Portfolio which need to be brought to the attention of Cabinet.

## **RECOMMENDATIONS:**

### **General Fund**

It is recommended that Cabinet:

- i) Note the current General Fund revenue position for 2017/18 as at September 2017, which is a forecast overspend at year end of £5.00M against the working budget, as outlined in paragraph 3.
- ii) Note that the forecast overspend for portfolios is £5.36M as outlined in paragraph 4 and further in Appendix 1.
- iii) Note the actions and assumptions being put in place to address the overspend position as described in paragraphs 5 to 12.
- iv) Note the performance to date with regard to the delivery of the agreed savings proposals approved for 2017/18 as detailed in paragraphs 13 to 20.
- v) Note the Key Financial Risk Register as detailed in Appendix 2.
- vi) Note the performance against the financial health indicators detailed in Appendix 3.
- vii) Note the performance outlined in the Treasury Management update on benchmarking, prudential indicators and financial outlook in paragraphs 38 to 44 and attached as Appendix 4.

viii) Note the performance outlined in the Quarterly Collection Fund Statement attached as Appendix 5.

### **Housing Revenue Account**

It is recommended that Cabinet:

ix) Note the current HRA budget monitoring position for 2017/18, as at September 2017. There is a forecast overspend at year end of £0.35M against the working budget as outlined in paragraphs 45 to 47.

### **REASONS FOR REPORT RECOMMENDATIONS**

1. To ensure that Cabinet fulfils its responsibilities for the overall financial management of the Council's resources.

### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2. Not Applicable.

### **DETAIL (including consultation carried out)**

#### **FINANCIAL POSITION**

3. Table 1 sets out the financial summary for the General Fund. This financial summary details the current budget against forecast expenditure and the subsequent variance. The current forecast outturn position shows a £5.36M overspend which is an improvement of £0.36M compared to quarter 1. An explanation of these variances is found in paragraphs 4 to 12.

It should be noted that there have been some movements of services between portfolios to reflect changes in portfolios approved by Council in September 2017.

**Table 1 – General Fund Position**

	<b>Current Budget 2017/18 £M</b>	<b>Forecast 2017/18 £M</b>	<b>Forecast Variance £M</b>	<b>Movement Qtr 1 £M</b>
<b>Portfolios</b>				
Communities, Culture & Leisure	4.91	4.90	0.01 F	0.00
Education & Children's Social Care	42.29	41.21	1.08 F	0.80 F
Environment & Transport	21.04	20.88	0.16 F	0.26 F
Finance Portfolio	24.07	24.45	0.38 A	0.12 A
Health & Community Safety	(4.46)	(4.42)	0.04 A	0.06 A
Housing & Adult Care	66.26	72.11	5.85 A	0.28 A
Leader's Portfolio	11.13	11.53	0.39 A	0.65 A
Sustainable Living	0.46	0.41	0.04 F	0.04 F
<b>Total Portfolios</b>	<b>165.70</b>	<b>171.07</b>	<b>5.36 A</b>	<b>0.00</b>
Levies & Contributions	0.63	0.63	0.00	0.00
Capital Asset Management	29.70	29.70	0.00	0.00
Other Expenditure & Income	(17.14)	(17.14)	0.00	0.00
<b>Net Revenue Expenditure</b>	<b>178.89</b>	<b>184.25</b>	<b>5.36 A</b>	<b>0.00</b>

**Funded By:**

Draw from Balances	0.00	0.00	0.00	0.00
Council Tax	(92.58)	(92.58)	0.00	0.00
Business Rates	(47.91)	(47.91)	0.00	0.00
Non-Specific Government Grants & Other Funding	(38.40)	(38.76)	0.36 F	0.36 F
<b>Total Funding</b>	<b>(178.89)</b>	<b>(179.25)</b>	<b>0.36 F</b>	<b>0.36 F</b>

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<b>(SURPLUS)/DEFICIT</b>	<b>0.00</b>	<b>5.00</b>	<b>5.00 A</b>	<b>0.36 F</b>
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**Explanation of Variances**

4. There is a forecast overspend on Portfolios of £5.36M. The significant issues regarding each portfolio are detailed the following paragraphs and further in Appendix 1.
5. Communities, Culture and Leisure £0.01M Favourable  
There is a minor underspend within Leisure and Heritage as a result of vacant posts.
6. Education & Children's Social Care £1.08M Favourable

Childrens Social Care

The cost of Looked After Children (LAC) is showing a favourable variance against budget due to the reduction in numbers of children looked after. This is due to more children being placed in permanent placements, however there has been a rise in the cost of Independent Fostering Agency (IFA) placements and the numbers of children placed in residential care.

Due to the reduced LAC numbers and management actions the service is forecasting a favourable net forecast position against the agency budget of £0.56M. This has also enabled a number of posts to be left vacant giving a further favourable variance of £0.53M. However, these posts may be required to be filled following the phase 3 restructure.

Home to school transport and education psychology

The home to school transport service is currently experiencing an increase in numbers of children requiring transport to and from school. The impact of this is an adverse variance of £0.57M. Additional budget was approved to address this pressure but due to additional demand the initial pressure was more than originally understood.

The service has developed an action plan to address the pressure going forward and any residual pressure will be taken account of in setting the 2018/19 budget.

7. Environment & Transport £0.16M favourable

Waste Collections

There has been a reduction in forecast domestic waste costs by £0.14M due to the introduction of alternate weekly refuse collections which started in June 2017. An increase in garden waste collections has generated additional income of £0.04M while lower volumes of garden waste at the amenity sites have reduced costs by £0.01M.

Regulatory Services

A reduction in registration income this quarter with lower than expected income in nationality checking and notices of marriage has resulted in an adverse variance of £0.04M

8. Finance Portfolio £0.38M Adverse

There is slippage in forecast achievement of IT savings of £0.29M. This is mainly due to a need for further analysis of current IT provision along with a change in the implementation date for the rationalisation of IT licenses. An action plan is to be submitted imminently by the new Service Director for IT for review by Finance.

In addition to the previously reported variances a non-recurrent pressure of £0.15M has been incurred due to the urgent need for additional network (SAN) storage for back-up capacity. This has been offset in part by a saving of £0.07M on salary savings from vacant posts.

9. Health & Community Safety £0.04M Adverse

The adverse forecast variance relates primarily to the slippage of approved savings. The Solent University PhD students saving was based on a financial year. However there is a forecast shortfall of £0.03M due to residual costs that will be incurred up to the end of the academic year.

The one off saving target in 2017/18, which replaced the substance misuse reduction, has an adverse position of £0.07M. This variance has been reduced by health improvement contract savings and savings from a decrease in staff hours.

10. Housing and Adult Care £5.85M Adverse

Mental Health

The adverse variance of £0.69M for Mental Health client package costs is due to an increase in the number of clients. The budget was based on 238 clients but there are currently 245 clients being charged to this service.

The Phase 3 staffing restructure will provide additional review capacity to ensure the care being provided is appropriate to each client's needs and ensuring care is provided in the most cost effective way. In addition, it is unlikely that the Mental Health employee saving will be achieved in full. Due Section 75 Partnership agreement slippage, a shortfall of £0.07M in the savings target is contributing to the adverse variance.

Provider Services

There has been a delay in the closure of Kentish Road respite centre, which was originally planned for April 2017 leading to an £0.23M adverse variance. The decision to close Kentish Road was made with the assurance to families and individuals that closure would not happen until there were suitable alternatives

identified for each client. Since quarter 1, there has been a delay to this proposed closure date with the revised date to be confirmed, leading to a further adverse movement in variance by £0.07M. The Integrated Commissioning Unit are working with adult social care colleagues to identify the alternative provision.

#### Long Term Care

An adverse variance for Long Term client packages has been forecast at £4.87M as the cost reductions are not yet meeting the savings profile. Net cost reductions of £1.59M for Learning Disability client packages against a savings target of £2.74M have been identified and will be achieved during the year. As work continues on the remaining savings targets of £1.15M, this has been forecast as an adverse variance, pending the verification of further savings. In addition to this £1.00M of IBCF monies has been allocated to this area as per the previous report to council. The forecast for older persons & physical disability client packages is showing an adverse variance of £4.72M. This is an adverse movement of £1.19M, partly due to the further identification of clients within this area. Savings are monitored weekly and reported to Adult Social Care Improvement Board. The forecast level of unachieved savings for Long Term clients is now at £3.77M with the balance of the forecast overspend (£1.10M) being attributed to an increase in demand and complexity.

#### 11. Leaders Portfolio £0.39 adverse

##### Property Services

A forecast variance of £0.81M has arisen due to delays in the Capital Assets restructure, fewer investment properties and lower rental income. A further pressure of £0.95M, after offsetting salary savings of £1.63M, arises from lower recharge income due to the non-charging of overheads to capital projects, exclusion of mark-up on staffing recharge and lower staff numbers and activity. Saving from underspend in Central Repairs and Maintenance of £1.00M and £0.15M in Property Management together with favourable variances due to lower than anticipated occupancy of the Civic Centre have resulted in a total adverse variance of £0.39M.

##### HR Services

The element of the Hays contract relating to permanent recruitment was terminated with effect from July 2017, further to the establishment of the new permanent recruitment team within the Council. The forecast overspend of £0.16M reflects the in-year one-off impact of the contract termination fee to be charged for 12 months from July 2017, together with additional charges for the volume of recruitment cases over and above that built into the Hays core fee.

#### 12. Sustainable Living £0.04 favourable

Minor underspend due vacant posts within the portfolio.

#### **Implementation of Savings Proposals**

13. Savings proposals of £19.67M were approved by Council in February 2017 as part of the overall budget package for 2017/18. Additionally at the end of 2016/17 there were unachieved savings, the ongoing impact of these savings, including the 2017/18 ramped up savings requirement, totals £4.26M giving a total of £23.93M savings to be achieved in 2017/18. The delivery of the savings is crucial to the financial position of the authority. Below is a summary of the progress as at the end of the second quarter to highlight the level of risk associated with

delivery.

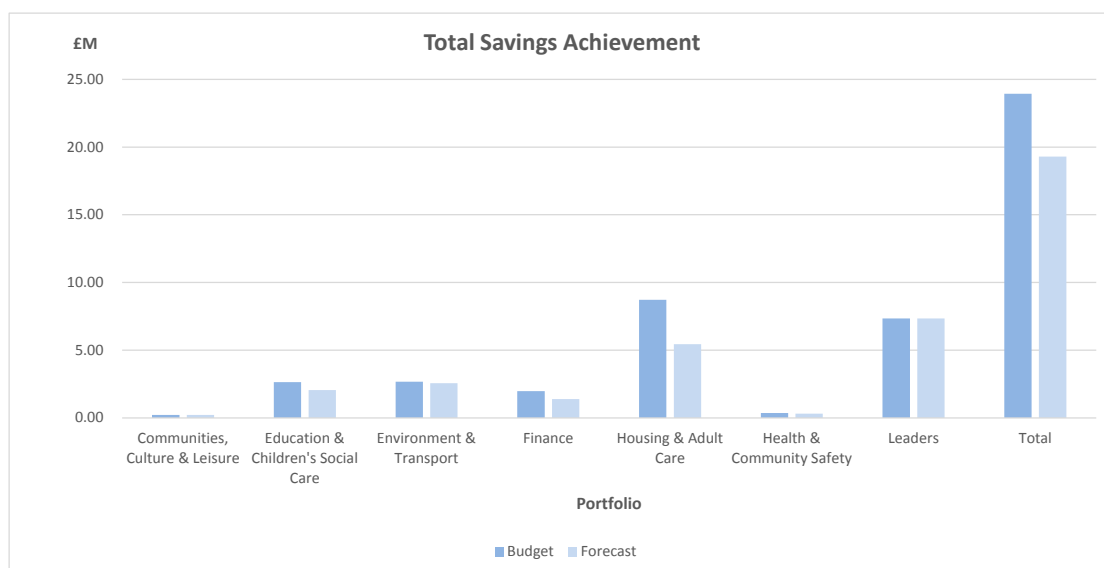
14. It should be noted that unachieved savings of £5.88M were reported as part of the outturn position for 2016/17. A number of these savings have been addressed as part of reviewing and setting the budget for 2017/18. Any residual impact has been included in the forecast achievement of savings for 2017/18 noted above.

**Table 2 Analysis of Achievement of Savings**

	%
Saving Achieved	32
Saving Forecast Achieved	47
Saving Not Yet Forecast Achieved	14
Saving Not Yet Forecast Achieved	8

15. Savings that are currently forecast to be achieved represent a risk to the overall monitoring position until all management actions required to deliver the savings are complete and the reduction in spend can be evidenced.

16. The chart below shows the achievement of total savings required by Portfolio.



17. Savings that are unachieved and have a high level of risk associated with delivery, can be categorised into those which are due to non-implementation and in some cases due to the impact of factors such as rising demand for services which have meant that despite being implemented the estimated level of financial savings have not materialised.

18. The overall financial shortfall in the delivery of the savings proposals is currently forecast as £4.63M (£4.55M 17/18 and £0.08M prior years) or 19.3% of the total to be delivered.

19. It should be noted that non-achievement of transformation savings were addressed as part of setting the approved budget 2017/18 by Council in February 2017.

20. The financial implications of the delivery of these proposals are reflected in the current forecast position, areas of ongoing concern have been fully reviewed, and appropriate action plans are being put into place. In addition, any implications for the budget for 2018/19 and future years will be addressed as part of reviewing

and setting the budget for those years.

## 21. **Government Grants**

The spring budget 2017 announced an additional Integrated Better Care Fund (IBCF) allocation of £9.71M for Southampton for the period 2017/18 to 2019/20 to meet adult social care needs, reduce pressures on the NHS and stabilise the social care provider market. A report detailing how this is to be spent was approved by Council in July 2017. The financial implications of this have now been reflected in the overall financial position. The additional funding for 2017/18 is £4.98M.

22. The Children and Families Act 2014 introduced a new duty on local authorities to support young people to continue to live with their former foster carers once they turn 18 (the 'Staying Put' duty). This duty came into force on 13 May 2014. The expenditure related to this is built into the forecast position. A grant to help meet this cost has now been notified for 2017/18 £0.14M.
23. When setting the estimates for 2017/18 an assumption is made with regards to reductions expected in grants that are notified after the budget setting process. Now that these grants have been formally notified, there is a forecast favourable variance of £0.12M.
24. There have been a number of small variances to estimated central government grants which have led to a favourable forecast variance of £0.10M.

## **Reserves & Balances**

25. At the 31<sup>st</sup> March 2017, earmarked reserves totalled £68.58M with a Schools Balances totalling £5.01M.
26. The estimated forecast position as at the 31<sup>st</sup> March 2018 is £62.62M with Schools Balances totalling £5.01M (this is currently under review).
27. During the period 30<sup>th</sup> June 2017 to 30<sup>th</sup> September 2017 a total of £0.93M has been allocated from reserves. The table below details the changes. These allocations are in relation to 2016/17 Carry Forwards approved by Council in July 2017.

**Table 3 – Changes to Reserves & Balances**

<b>Reserve</b>	<b>Balance 30<sup>th</sup> June 2017 £M</b>	<b>Allocated Qtr. 2 £M</b>	<b>Amended Balance 30<sup>th</sup> September 2017 £M</b>
Revenue Grants Reserve	0.80	0.80	0.00
Portfolio Carry Forwards Reserve	0.17	0.13	0.04
<b>Total</b>	<b>0.97</b>	<b>0.93</b>	<b>0.04</b>

28. It should be noted that a one off sum of £1.4M has been provisionally earmarked from the MTFs Reserve to support the high needs pressure within Education and Children's Services Portfolio whilst actions are agreed to address an overall pressure of £2.9M subject to submission of detailed plans of how this pressure

will be addressed. This is further detailed in paragraph 32.

29. The General Fund Balance is currently £11.3M and there are no planned draws on this balance in 2017/18. However if the position remains the same the council will need to either allocate monies from earmarked reserves or utilise the General Fund Balance

### **Financial Risk Register**

30. The council maintains a financial risk register which details the key financial risks that face the council at a given point in time. This is attached as Appendix 2.
31. Alongside the risks identified when setting the budget for 2017/18 a number of items have arisen since this time that may need to be addressed outside of those assumptions. Currently those main issues are:
- Required actions as a result of the Grenfell Tower Block Fire - the budget for improvement works to Albion Towers, Sturminster House and Shirley Towers was approved, by Cabinet on 17 February 2015 and included provision for sprinklers. The HRA capital expenditure over the coming years is being reviewed to reallocate resources to enable further fire safety measures to be installed in the other tower blocks;
  - Following the General Election, clarification is still needed on the next stages of Business Rate Retention. Councils have been given the opportunity to bid to become a Pool Pilot in 2018/19. Southampton submitted a bid as part of a Solent Bid with Portsmouth and the Isle of Wight.
  - Potential risk of savings proposals not being achieved and insufficient mitigations found to deal with in year – this is covered by the MTFS reserve;
  - High Needs Funding – due to increasing pupil numbers within special schools and the associated cost of Home to School transport, there is a £2.9M pressure that will need to be resolved by 2018/19. In this financial year this pressure will be mitigated using DSG roll forward; review of the top-up funding; and an injection from general fund reserves to enable the schools and the service to plan and implement savings.
  - There is still a risk from the economic climate due to Brexit and current levels of inflation. These are covered both by the MTFS reserve and by the contingencies (previously known as the risk fund).

### **Schools**

32. There are currently 14 schools who have reported potential schools deficit balance for 2017/18. The 4 schools with the largest deficits have been working with the Service Lead for Education and Early help and have agreed deficit recovery plans (DRP) to address the deficit position. Work continues with the remaining schools to develop and have approved DRP within the next quarter.



33. As reported at quarter 1 there is a significant pressure within the High Needs Budget. A High Needs Working Group with representatives from all partners to explore and consider all options funding the pressure has been developed and has met, with meetings ongoing. The table below details the options approved and includes a one off contribution from General Fund Reserves to facilitate a workable solution. The options in the table below were approved at the Schools Forum in June 2017 for 2017/18 with the agreement to continue the Working Group to identify a robust recovery plan for the £2.9M forecast pressure in 2018/19.

**Table 4 – High Needs Savings Options 2017/18**

34. <b>Savings Options</b>	<b>2017/18 £M</b>
Redesign of Special Educational needs Top-up Banding	0.20
Use of Independent Provision	0.50
Removal of Contingency previously earmarked for potential 2016/17 overspend and further growth not already included in forecast	0.60
Removal for funding allowed for growth in FE colleges	0.10
One – Off contribution from DSG 2016/17 Carry Forward	0.10
One – Off contribution from General Fund Reserves	1.40
<b>Total Savings</b>	<b>2.90</b>

**35. Education PFI Contract**

There is a forecast increase in the total cost of the PFI contract equating to £0.29M per year from 2017/18 to the end of the contract 2031/32 to be met from the Dedicated Schools Grant.

This increase has taken into consideration the increased contributions from the three PFI schools for their FM Services. There is a potential pressure due to one of the three PFI schools having not yet signed the deed of variation to the revenue agreement that was agreed in principle in 2014.

Further discussions are taking place to agree how any resultant pressure could be mitigated.

**Financial Health Indicators**

36. In order to make an overall assessment of the financial performance of the authority it is necessary to look beyond pure financial monitoring and take account of the progress against defined indicators of financial health. Appendix 3 outlines the performance to date, and in some cases the forecast, against a range of financial indicators which will help to highlight any potential areas of concern where further action may be required.

37. As Service Business Plans are further developed, it is intended to report significant key performance indicators within services that help assess the overall achievement of the Council's outcomes and priorities.

**Treasury Management**

38. The Council approved a number of indicators at its meeting in February 2017. Appendix 3 includes current performance against these indicators along with an

update on the financial outlook in Appendix 4. The council has operated within the agreed prudential indicators for the first half year and is forecast to do so for the remainder of the year.

39. The table below shows the current levels of borrowings and investment as at the 30<sup>th</sup> September 2017 together with the balances at the beginning of the year and those predicted for yearend based on the current approved capital programme:

**Table 5 Borrowing and Investment**

	<b>01.04.2017 Balance £M</b>	<b>30.09.2017 Balance £M</b>	<b>Average Yield/Rate %</b>	<b>31.03.2018 Estimated Balance £M</b>
<b>External Borrowing</b>				
Public Works Loan Board (PWLB)	220.30	214.55	3.33	263.81
Market Loans	9.00	9.00	4.86	9.00
<b>Total Long Term Borrowing</b>	<b>229.30</b>	<b>223.55</b>	<b>3.43</b>	<b>272.81</b>
Temporary Borrowing	30.35	30.35	0.40	40.35
<b>Total External Borrowing</b>	<b>259.65</b>	<b>253.90</b>	<b>3.30</b>	<b>303.16</b>
<b>Investments</b>				
Cash (Instant access)	17.90	31.10	0.20	10.00
Cash (Notice Account)	5.00	5.00	0.55	5.00
Short Term Bonds	4.66	6.08	1.34	3.08
Long Term Bonds	14.72	7.62	2.58	7.62
Property Fund	17.00	27.00	4.55	27.00
<b>Total Investments</b>	<b>59.28</b>	<b>76.80</b>	<b>3.16</b>	<b>52.70</b>
<b>Net Borrowing</b>	<b>200.37</b>	<b>177.10</b>		<b>250.46</b>

40. The estimated increase in net borrowing of £55.0M is as mainly as a result of approved new capital borrowing during 2017/18 of £45M and an expected reduction in cash flow.
41. The interest cost of financing the Authority's long term and short term loan debt is charged to the Income and Expenditure account and is detailed below together with a summary of performance to date.

#### Borrowing

42. The budgeted cost of financing the Authority's loan debt is £14.5M of which £5.9M relates to the HRA. At present spend is forecast to be in line with budget. However this will be subject to movement as we go through the year and when the need to borrow becomes more certain, using a combination of interest rate forecast and slippage in the capital programme to determine the level of balances available to us.

This includes updated interest rate assumptions following the announcement by the Bank of England on the 2<sup>nd</sup> November 2017 of an increase in the base rate by 0.25% to 0.50%.

#### 43. Investment

Balances initially increased at the beginning of the year rising from £58M to £92M in mid- June, but have since fallen back to £77M and are supported by the £30M temporary borrowing taken in October 2016 to cover expected cash flows for the remainder of the year and to allocate £20M of the money allocated to the Property Investment Fund to investments to the CCLA.

Current cash flow forecast indicate that balances will fall further, so in order to maintain our minimum working cash flow of £10M, we will need an injection of temporary borrowing to replace maturing debt in October (£30M) and predictive fall in balances.

Internal investments will generate around £0.37M for the year, which is less than last year due to falling balances and interest rates and our change in strategy to invest in the CCLA as detailed in paragraph 44 below.

Following Brexit and the fall in interest rates there is a lack of availability of suitable bonds, so as bonds mature they are not currently being reinvested; this coupled with the decision to invest further in the CCLA (as the return is similar to direct investment in property but with less risk and offers further diversification) will see a continuing fall in both the level and return on our internal investments.

#### 44. External Managed investments

The Council has invested £27M in property funds as an alternative to buying property directly. As previously reported these funds offer the potential for enhanced returns over the longer term, but may be more volatile in the shorter term and are managed by professional fund managers which allows the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. As at the 30 September the sell price of our total investments were valued at £26.4M a notional "loss" of £0.6M against initial investments of £27M.

Our advisers Arlingclose remain comfortable with this level of investment and have met with the CCLA, they expect capital values to fall over the next two years but annual income should hold up around current levels. Arlingclose believe the negatives do not outweigh the potential for income generation and also advise that investment in the CCLA fund is less risky than buying individual properties. It should be noted that investment in the CCLA does not constitute capital expenditure and is seen as a treasury management tool.

The estimated yield for the year is £1.1M if yields remain around current levels.

#### **Housing Revenue Account**

45. The expenditure budget for the HRA was set at £75.99M and the income budget at £74.99M, resulting in a net draw from the HRA balances of £1.00M. This is detailed in table below.

#### **Table 6 – HRA Summary**

	<b>2017/18 Budget</b>	<b>Q2 Forecast</b>	<b>Variance</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>
Net rent income	(72.59)	(72.59)	0.00
Service charges & other income	(2.27)	(2.39)	(0.12)
Misc. Adjustments	0.00	0.00	0.00
RTB admin	(0.13)	(0.13)	0.00
<b>Total income</b>	<b>(74.99)</b>	<b>(75.11)</b>	<b>(0.12)</b>
Management	22.08	22.08	0.00
Depreciation	19.26	19.26	0.00
Responsive & Cyclical repairs	13.79	14.26	0.47
Other revenue spend	0.10	0.10	0.00
HTA cost of rent rebates	0.00	0.00	0.00
<b>Total service expenses</b>	<b>55.23</b>	<b>55.70</b>	<b>0.47</b>
Capital charges	5.98	5.98	0.00
Repayment of loans	5.59	5.59	0.00
Revenue contribution to capital	9.19	9.19	0.00
<b>Total expenditure</b>	<b>75.99</b>	<b>76.46</b>	<b>0.47</b>
<b>(Surplus) / Deficit for the year</b>	<b>1.00</b>	<b>1.35</b>	<b>0.35</b>

46. The forecast position for the year end on income and expenditure items shows an adverse forecast variance of £0.35M compared to this budget.

47. The variance is due to a delay in the implementation of the new materials contract, initially due to systems and stock replenishment issues but has been mitigated in part, by savings from vacant posts, retendering on Housing Investment expenditure and increased income from leasehold properties due to major works.

### **Collection Fund**

48. Each billing authority is required to estimate the level of surplus or deficit on the Council Tax and Business Rate Element of the Collection Fund at the end of each financial year in order that these amounts can be included in the budget calculations for the coming financial year.

49. A forecast position for the Collection Fund as at the end of September 2017 has been made. The following table details the overall forecast changes.

### **Table 7 – Collection Fund Forecast 2017/18**

	<b>Council Tax £M</b>	<b>NDR £M</b>	<b>Total £M</b>
Change in 2017/18 (Deficit) Surplus	0.00	0.00	0.00
(Reduction)/Increase in year-end Surplus brought forward from 2016/17	1.77	1.44	3.21
<b>Overall 2017/18 Surplus</b>	<b>1.77</b>	<b>1.44</b>	<b>3.21</b>
<b>SCC Share of Surplus</b>	<b>1.52</b>	<b>0.71</b>	<b>2.22</b>

50. The Council's share of the surplus for council tax is £1.52M and its share of the business rates surplus is £0.71M, giving a net surplus of £2.22M. These will be taken into account in setting the 2018/19 Council Tax and General Fund Budget. Appendix 4 details the Collection Fund Account for 2017/18.

51. The surplus of £2.22M is due to the additional surplus reported as part of the outturn position for 2016/17 to Council in July 2017. There are no other forecast changes.

## **RESOURCE IMPLICATIONS**

### **Capital/Revenue**

52. The revenue implications are contained in the report. There are no capital implications.

### **Property/Other**

53. None.

## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

54. Financial reporting is consistent with the Chief Financial Officer's duty to ensure good financial administration within the Council.

### **Other Legal Implications:**

55. None.

## **RISK MANAGEMENT IMPLICATIONS**

56. See comments within report.

## **POLICY FRAMEWORK IMPLICATIONS**

57. None.

**KEY DECISION?** No

<b>WARDS/COMMUNITIES AFFECTED:</b>	All
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## **SUPPORTING DOCUMENTATION**

## Appendices

1.	Portfolio Variance Explanations
2.	Key Financial Risk Register
3.	Health Indicators.
4.	Treasury Management Quarterly Benchmarking, Prudential Indicators and Financial Outlook Qtr. 2
5.	Collection Fund Qtr. 2

## Documents In Members' Rooms

1.	None
2.	

### Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	No
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### Privacy Impact Assessment

Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	No
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### Other Background Documents

#### Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	General Fund Revenue Budget Report 2017/18 to 2020/21 (Approved by Council February 2017)	